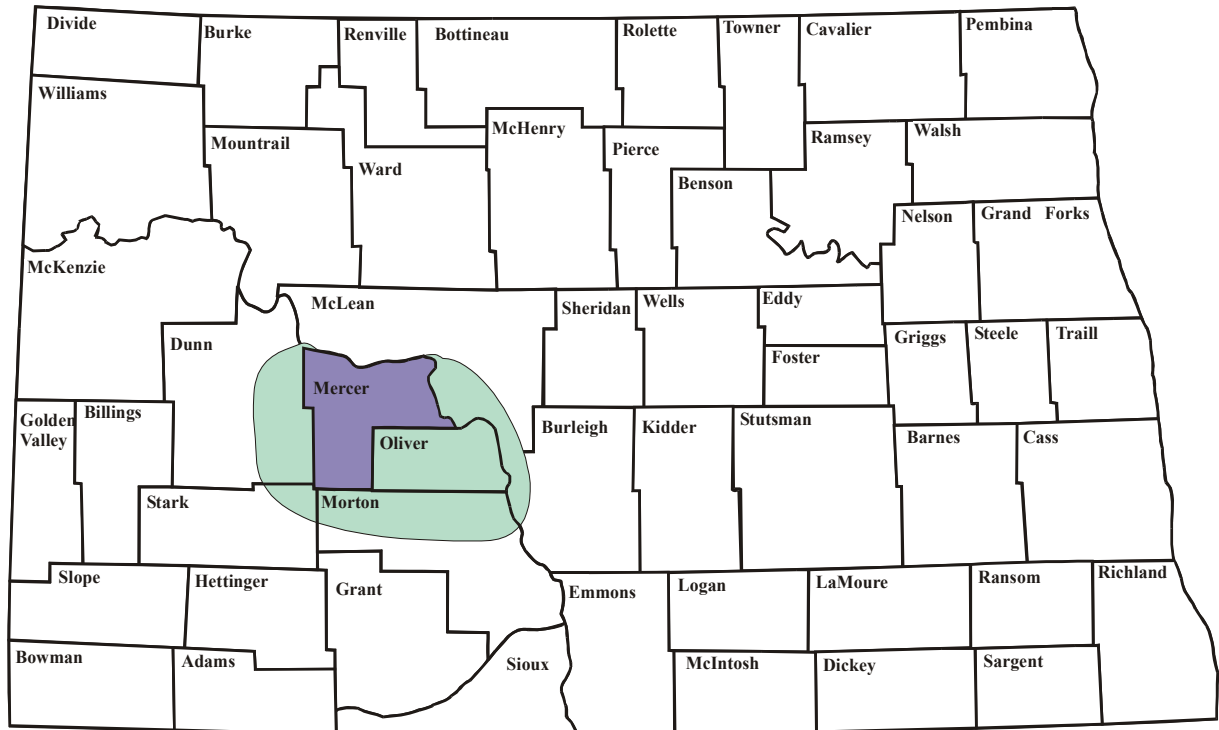


Mercer County Labor Availability Study

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Conducted by the Social Science Research Institute at the
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Table of Contents

Executive Summary.....v

Part I: Local Available Labor.....1

 Introduction.....1

 Findings of the Study.....2

Part II: Analysis of Commuters.....5

 Findings of the Study.....5

Conclusion.....6

 Labor is Available6

Appendix.....7

 How the Study was Done.....9

Executive Summary

During the fall of 2001, the Mercer County Economic Development Corporation sponsored a study which was undertaken in and around Mercer County (see map on page 1) to determine available labor.

- Almost 4,500 people who live in the area surrounding Mercer County are available for new or additional employment opportunities.
- In addition to this group, a number of commuter's spouses and other household members who live outside the area would consider relocating to Mercer County.

There are two distinct labor markets when discussing Mercer County. The first is the local population. This group would be willing to work for an employer at an average of \$8.00 per hour.

- The individuals who responded tend to have some post - secondary education with 50 percent having some education beyond High School.
- Almost one-third of the available labor in the Mercer County area is employed as professionals, technicians, or managers.
- The minimum acceptable wage for professionals, technicians, or managers within this group is \$10.00 per hour

The second group is composed of households who live outside of Mercer County and have someone in the household commuting into Mercer County. This second group could relocate to Mercer County. To get this group to relocate, the wages needed in Mercer County would have to be competitive with the higher wages in the Bismarck-Mandan Area.

- For example, a competitive wage for Registered Nurses would be around \$19.00 per hour. The individuals who responded to the survey tend to have some post - secondary education, with almost 40 percent having an associate's degree or certification. While specific levels of education for the other members of the household are not available from this study, it is reasonable to assume that they would have similar levels of education.

Both groups, the local available labor and those who would relocate, would prefer to work for a company that provides health insurance as a benefit. Other desirable benefits would include retirement plans and paid vacations. The distance people are willing to commute when going to work is an average of 40 miles.

Part I: Local Available Labor

Introduction

Located in the West Central portion of the state, Mercer County is bordered on the north by Lake Sakakawea and on the east by the Missouri River. As shown in Figure 1, the Mercer County area includes all of Mercer and Oliver Counties, as well as portions of Dunn, Stark, McLean, Burleigh, and Morton Counties. Mercer County had a population of 8,644 in 2000. Almost 65 percent of the population in Mercer County resides in the two largest communities, Beulah and Hazen, with populations of 3,152 and 2,457, respectively.

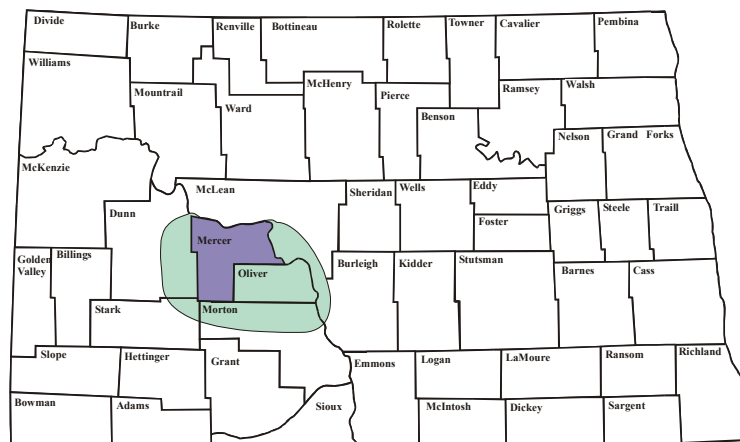


Figure 1 - Map of Study Area

The county has one of the highest annual average wages in the state. Home of some of the richest lignite fields in the state, power generation, and the only coal gasification plant in the United States, the county has tremendous economic potential.

Comparison of Employment by Industry Between Mercer County and North Dakota in 1999 (Percentage)

	<u>Mercer County</u>	<u>North Dakota</u>
Agriculture, Forestry & Fishing	0.7	1.2
Mining	13.3	1.1
Construction	5.0	5.5
Manufacturing	1.1	8.0
Transportation, Utilities & Communication	31.0	5.5
Wholesale Trade	2.6	7.1
Retail Trade	13.7	19.5
Finance, Insurance & Real Estate	2.2	5.3
Services	15.8	29.1
Government	14.5	17.8
Total	99.9	100.1

Note: May not add to 100, due to rounding.

While Mercer County has an almost unlimited amount of natural resources, the county is not as economically diverse as the state. As can be seen in the adjacent table, Mercer County has a lower percentage of employment in the services industry than the rest of the state. The potential growth of employment in the mining and power generation plants in Mercer County is relatively weak. It is more likely that economic development will occur in manufacturing or the services industry.

In cooperation with Job Service North Dakota (JSND), the Social Science Research Institute (SSRI) conducted a telephone survey of the Mercer County

labor market area for the Mercer County Economic Development Corporation (MCEDC). The labor market survey and "human resource" analysis will provide Mercer County with a competitive advantage in describing, enhancing, and promoting the labor force in the region.

The primary objectives of the study were to:

- Provide statistically valid, comprehensive, and business-friendly information on the available labor force in the Mercer County area.
- Create a methodology that can update labor force data measures as needed (annually or biennially).

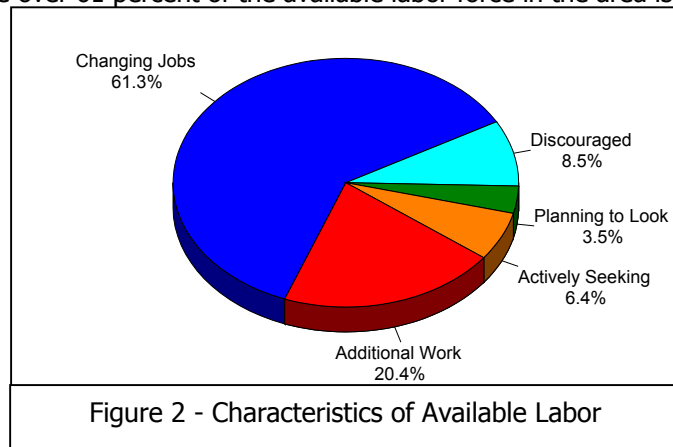
The labor market for Mercer County includes several counties from which individuals commute into the area. Consequently, the study included the areas of Dunn, Oliver, McLean, and Morton Counties.

Findings of the Study

Of the adult population (14,628 individuals), approximately 60 percent, or 8,690 people, were working at the time of the study. While almost 8,700 people were working in the Mercer County area, there is a sizable population that would be available to consider job opportunities in the local area should they become available. According to the survey, over 4,500 individuals could be available for work in the Mercer County area. This includes individuals who are currently working, but want to change jobs, those actively seeking work, those planning to work, and those discouraged from looking for work. The typical person who would be available for jobs is currently working, travels approximately 20 miles/minutes from their worksite, and has attained education past high school.

As can be seen in following chart, the majority of people who are available for labor in the Mercer County area are already employed. While over 61 percent of the available labor force in the area is already working, approximately 10 percent, or 450 people, are either actively seeking or planning to seek work within the next calendar year.

This includes a ready supply of trained labor currently working in agricultural operations in the area. Approximately 4.3 percent of the population, or 630 people, consider themselves ranchers or farmers. Of the farmers and ranchers, over one-third, 37 percent (233 people), work other jobs to supplement their agricultural operations and 121 people, consider this outside employment important to maintain their agricultural operations.



Of those who are working, the most common reason cited to consider a different job is the rate of pay. This reason may arise from the fact that there are some very good paying jobs in the labor area and as a consequence, should one of those or a similar job become available, the existing labor force would compete for that job. This indicates the available labor is aware of the

expectations employers have concerning work, and that would help a firm maintain high levels of productivity.

The self-proclaimed skills of the potential job seekers in the Mercer County area are high with over 80 percent citing experience with personal computers. The following table details the skills of the potential job seekers. The strongest set of skills regarding computers can be found in word processing or desktop publishing skills, with the weakest being computer programming.

Ratings of Computer Skills for Potential Job Seekers (Percentage)				
	<u>Word Processing/ Desktop Publishing</u>	<u>Spreadsheets/ Database</u>	<u>Hardware/ Connectivity</u>	<u>Programming Skills</u>
Very Skilled	12.8	10.6	5.3	2.8
Skilled	27.1	16.8	9.5	4.5
Somewhat	52.2	45.4	34.2	10.1
No Skills	7.8	27.2	51.0	82.6
Note: May not add to 100 due to rounding.				

Over one-fourth, 27.4 percent, of the responding potential job seekers rated their leadership skills as being excellent.

As seen in Figure 3, the level of education attained by those who would be available for jobs in the Mercer County area is relatively high, with over 92 percent of the available labor having at least a high school education and over 60 percent having some education past high school. The percentage of educational attainment for the available labor actually exceeds the adult population in the study area in all categories of high school education and beyond, except the percentage of those who have completed a vocational training program and those who have advanced college degrees.

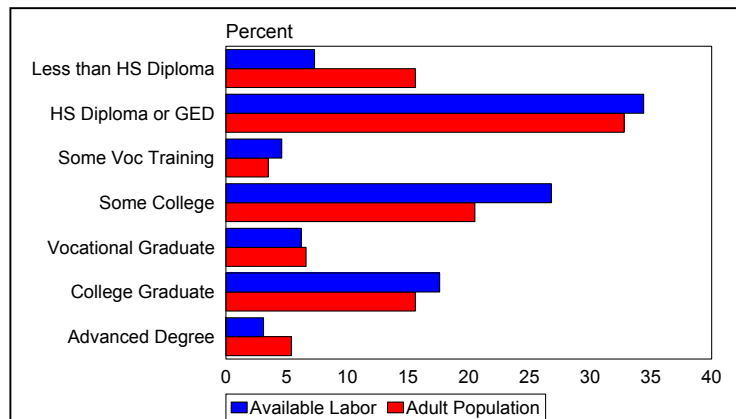


Figure 3 - Percentage of Educational Attainment

- Almost one-third, 30 percent, of the potential job seekers are currently employed as professionals, technicians, or managers.
- When looking for work opportunities, most relied on the want ads in the newspaper, followed by word of mouth, and Job Service North Dakota as their sources.
- As a group, over one-fourth, 27 percent, of the potential job seekers who are working have been with their current employers less than a year, while 41 percent of potential job seekers have worked for their employer for more than five years.

Those who would be available for new or additional jobs travel on average 20 minutes one-way during a commute. This distance is further than has been noted in labor availability studies

conducted in other areas of the state. This may indicate that businesses could locate outside residential areas in Mercer County.

As shown in Figure 4, the type of firm that would most interest potential job seekers would be engineering or research firm, followed closely by a software development company and management/consulting firms. Almost 70 percent, (over 3,500 people) of the available labor would be willing to work for these types of firms. Followed by a manufacturing facility, financial service center, and insurance claim center. The least likely firm individuals would be interested in considering is an outbound telemarketing company, which traditionally is associated with hard sell calling, with only 8 percent, or 350, of the potential job seekers expressing an interest in this type of firm.

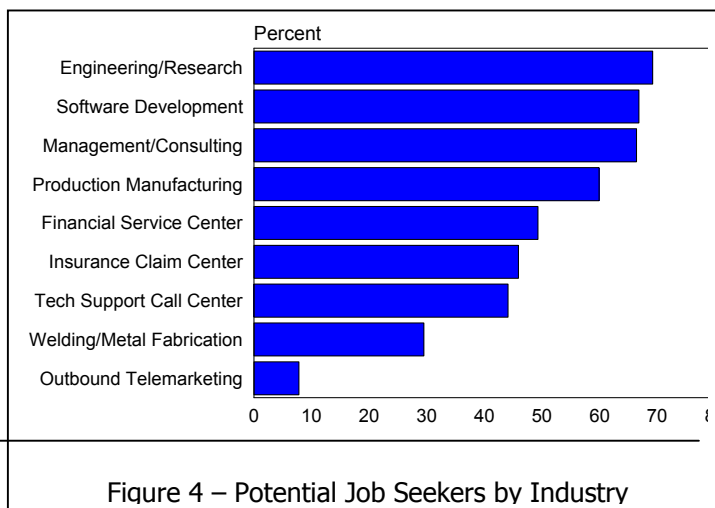


Figure 4 – Potential Job Seekers by Industry

While the potential job seekers are willing to train in a variety of activities, there is some variance among the training preferred.

Information (computer) technology was an area desired by a large number of the potential job seekers, 79.8 percent, while interest in construction trades was the lowest with 37.6 percent of the potential job seekers. While willing to undergo some training, the majority, 68.3 percent, of potential job seekers would prefer on-the-job training. A possible explanation for this preference is the fact that many of these individuals are currently working, and on-the-job training would allow them to have some income while they learn new skills.

- Training is desired in "IT"
- Conversely, training in construction trades is the least desired.
- Of the different types of training available, OJT (on-the-job) training is preferred.

The typical wage for potential job seekers varies according to the occupation. This table shows the minimum acceptable median wage by occupational group. Machine trade workers desire the highest wage, with a median wage of \$13.00 per hour, while the lowest is in the service occupations, with a wage of \$6.00 per hour. However, as a group, the median wage for available labor was \$8.00 per hour.

Minimum Acceptable Wage by Current Occupation

<u>Occupation</u>	<u>Median</u>
Management, Technical & Professional	\$10.00
Clerical and Sales	7.00
Service Occupations	6.00
Agricultural Occupations	7.00
Machine Trade Occupations	13.00
Benchwork	10.00
Structural Work	11.00

While over half of the potential job seekers reported that wages are the most influential aspect of a compensation package, almost one in five respondents desired an opportunity to experience career advancement. The respondents were asked what were the three most popular benefits

that firms could offer to help attract them to a potential employer. The most desired benefit was health insurance, with over 60 percent of the respondents desiring this benefit. The other benefits desired were company retirement plans and paid vacations.

Part II: Analysis of Commuters

Findings of the study

Mercer County firms that have a substantial portion of their workforce commuting were asked to distribute a questionnaire to those employees traveling into Mercer County. While the response rate was low, approximately 10 percent, the responses do provide some additional information that could help Mercer County become a more desirable place to live.

Almost 98 percent of those who responded reported they are currently employed in Mercer County.

- Thirty-one percent of the respondents currently live in Mercer County.
- The average distance these respondents would travel to work was almost 40 miles.
- The typical respondent was 46 years old.
- The median wage was \$25.00 per hour or (\$52,000 per year).
- No one who responded had less than a high school diploma, and 38 percent had at least an associate's degree or certification.

The recent history of Mercer County includes a period of volatile property values and fluctuating rent. Given this history it is perhaps surprising that some of the commuters would be willing to relocate to Mercer County. If the current economic conditions in Mercer County remain stable, approximately 13 percent of the respondents expressed an interest in relocating to Mercer County. If economic conditions and issues concerning quality of life improve, approximately half of the respondents stated they would relocate. However, there are barriers that prevent them from relocating. All of the respondents who commute to Mercer County own their homes. Before relocating to Mercer County, appropriate housing would need to become available, the county's economy should become more diversified, and issues concerning quality of life would need to be addressed.

When asked what it would take to cause the respondent to relocate to Mercer County, the responses provided included the following, which could be loosely characterized as quality of life issues.

- More businesses (shops and competitive pricing)
- Cultural events and activities
- Recreational activities
- A good wage for other members in the household (a wage that competes with those found in Bismarck-Mandan, Minot and Dickinson)
- More varied industries that matches the skill level of other members of the household
- Better police protection

Conclusion

There is a substantial pool of available labor for new or expanding businesses in the Mercer County area. Because of the large proportion of commuters to Mercer County the potential labor pool for Mercer County is even larger than the local data would suggest.

In 1990, there were 640 individuals who commuted to Mercer County. As a group, the commuters who do travel to Mercer County tend to have post - secondary education. Demographers have shown that households tend to have similar values and education. Consequently, it is reasonable to assume that those household members who do not commute to Mercer County have a similar educational background to those who commute.

In order for Mercer County to continue to grow and develop, it needs to either compete with the larger communities in the surrounding area or find ways to take advantage of a sizable population of daily commuters by broadening its economy and providing desired services.

If a business is willing to do on-the-job training and have competitive wages (wages that would compete with the Bismarck-Mandan metropolitan area), it appears that they would not experience a shortage of workers. At the time of the study, almost 4,500 individuals would consider a new or different employer. In November 2001, the state unemployment rate was 2.2 percent, while Mercer County was at 4.3 percent, or 191 individuals seeking work.

Appendix

How the Study was Done

Part I: Local Available Labor

The Social Science Research Institute (SSRI), from the University of North Dakota, members from the Mercer County Economic Development Corporation (MCEDC), and members of the Labor Market Information Center of Job Service North Dakota (JSND) designed a research instrument to measure the availability of labor. This instrument measured the characteristics of the households of those who commute into Mercer County as well as the adult population in and around Mercer County. This telephone survey included all of Mercer, Dunn, Oliver and selected areas of McLean and Morton Counties in North Dakota. The study is able to report with 95 percent confidence, at a level of plus or minus 2.5 percent, the characteristics of the available labor for Mercer County.

To obtain a representative sample for the Mercer County area labor market survey, random selection of households and random selection of respondents within households were used during the data collection process. The survey of adults (18 or older) performed by SSRI was conducted by telephone. A random sample of 10-digit telephone numbers was generated by SSRI for the primary and secondary labor market areas utilizing Genesys Sampling Systems Random Digit Dialing (RDD) in-house software. The list from which the numbers were drawn included only actual North Dakota area codes and telephone banks (that is, blocks of 1,000 consecutive numbers within North Dakota) that had contained a threshold number of active residential phone numbers.

Overall, SSRI called 5,920 numbers in the labor market area to determine whether it was a working residential number in contrast to a nonworking number, a commercial/business line, a cell phone, data or fax line, or a non-primary household telephone. SSRI staff classified 2,236 of these numbers as working residential numbers eligible for interview and successfully interviewed 1,340 of those households. Throughout the study, completed interviews were monitored to determine whether the samples matched population estimates in terms of gender and the age distribution of North Dakota residents age 18 or older.

All interviews were conducted at SSRI facilities by trained interviewers with supervision and random monitoring for technique and adherence to established procedures. Interviews were conducted afternoons and evenings on weekdays and weekends. Efforts to complete interviews with selected respondents were extensive. The number of callbacks to complete an interview with an eligible respondent ranged from 1 to 12.

The most conservative approach of calculating a response rate for telephone surveys is the method adopted by the Council of American Survey Research Organizations (CASRO). The CASRO method uses the known status of portions of the sample that are contacted to impute characteristics of portions of the sample that were not reached. The CASRO method of calculating the response rates for the primary labor market survey yields a completion rate of 59.5 percent.

Part II: Analysis of Commuters

The MCEDC and Job Service North Dakota developed a questionnaire to be handed out by those employers who have a substantial number of commuters. Those businesses were asked to distribute a questionnaire to their employees who commute. The idea was to have these employees give the questionnaire to their spouses. These employees were then asked to return the completed surveys.